

Message Text

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12

ACTION EUR-25

INFO OCT-01 PM-09 ADP-00 CIAE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 H-02 INR-09 L-03 NSC-10 PA-03 RSC-01

PRS-01 SS-14 NEA-10 ACDA-19 MBFR-03 GAC-01 EB-11

TRSE-00 OMB-01 T-03 SAJ-01 CCO-00 RSR-01 /128 W

----- 109367

O R 211054 Z MAR 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 9859

INFO DOD WASHDC IMMEDIATE

USCINCEUR

CINCUSAFE

CINCUSAREUR

CINCUSNAVEUR

HQ 3 AF RAF MILDENHALL

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 03323

E. O. 11652: XGDS-1

TAGS: MARR, UK

SUBJECT: US/ UK COST SHARING ARRANGEMENT

REFS: (A) LONDON 3258, (B) LONDON 3259 (C) LONDON 3288,

(D) STATE 197846, (E) STATE 203834, () LONDON 12032

(G) STATE 10932

1. FCO LETTER OF MARCH 16 (EF B) REFERS IN ITS FINAL PARAGRAPH TO EMBASSY LETTERS OF 13 NOVEMBER 1972 AND 9 JANUARY 1973. TO ASSIST DEPARTMENT IN RESPONDING TO LATEST UK DRAFT OF AGREEMENT, WE REPEAT BELOW FULL TEXT OF THOSE LETTERS. 13 NOVEMBER LETEA U EAEED ON INSTRUCTIONS IN REFS (D) AND (E), OFFERED THREEPART PACKAGE DESIGNED TO BREAK IMPASSE THEN EISTING ON DAMAGE CLAIMS AND SUPERANNUATION CLAIMS. LETTER SET FORTH GENERAL PRINCIPLES FOR SETTLEMENT OF AGRICULTURAL DAMAGE CLAIMS, AND ENCLOSED A DRAFT MOU (AS APPROVED REF D) WHICH WAS SUBSEQUENTLY MODIFIED BY
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3 RD AF/ MOD DISCUSSION DECEMBER 11 (REF F). 13 NOVEMBER LETTER ALSO PROPOSED US PAYMENT OF PAST SUPERANNUATION CLAIMS BUT NOT FUTURE CLAIMS. BRITISH REJECTED THIS PROPOSAL ON SUPERANNUATION BUT SUBSEQUENTLY INDICATED THEY MIGHT ACCEPT IN REVERSE; EMBASSY' S LETTER OF 19 JANUARY FORMALLY OFFERED REVISED SUPERANNUATION FORMULA AS AUTHORIZED REF (G).

2. EMBASSY LETTER OF 13 NOVEMBER 1972:

QUOTE

DEAR MR. OVERTON:

SINCE THE AUGUST 3 MEETING ON THE DRAFT US/ UK COST-SHARING ARRANGEMENT, WE HAVE CAREFULLY REVIEWED THE ISSUES STILL TO BE AGREED BETWEEN US. WE NOW WISH TO MAKE A SET OF PROPOSALS WHICH WE HOPE WILL PERMIT US TO BRIDGE THE REMAINING GAPS BETWEEN OUR POSITIONS.

WE HAVE CAREFULLY CONSIDERED YOUR POSITION ON THE TWO MAJOR UNRESOLVED QUESTIONS, (DE' S ON SUPERANNUATION, AND DAMAGE CLAIMS) INCLUDING MR. BRETT' S LETTER OF 31 AUGUST 1972 AND MR. BRIGHTY' S LETTER OF 31 OCTOBER 1972. WE BELIEVE IT IS EVIDENT THAT FURTHER DEBATE IS UNLIKELY TO RESOLVE OUR DIFFERENT POINTS OF VIEW AND THAT NEW APPROACHES ARE REQUIRED IF ANY PROGRESS IS TO BE MADE. IN THE PROPOSALS WHICH FOLLOW, OUR APPROACH HAS BEEN TO SET ASIDE QUESTIONS OF PRINCIPLE AND PRECEDENT AND TO SEEK COMPROMISE FORMULATIONS WHICH WILL GIVE EACH SIDE SOME PRACTICAL BENEFIT. WE BELIEVE THE NEED TO BRING THIS LONG AND TORTUROUS NEGOTIATION TO AN END IS NOW THE OVERRIDING CONSIDERATION, AND VERY MUCH HOPE THAT WITH A SIMILAR APPROACH ON YOUR PART, WE CAN CLEAR THE REMAINING HURDLES AND SIGN A NEW AGREEMENT BY THE END OF THIS YEAR.

OUR PROPOSALS, WHICH ARE INTENDED AS AN INTERDEPENDENT PACKAGE, ARE AS FOLLOWS:

1. DEPARTMENTAL EXPENSES ON SUPERANNUATION FOR DIRECT HIRE EMPLOYEES.

THE UNITED STATES WILL PAY VALIDATED CLAIMS FOR DE' S ON SUPERANNUATION PAYMENTS MADE PRIOR TO THE SIGNATURE OF THE NEW CSA, BUT NOT FOR SIMILAR PAYMENTS THEREAFTER.
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2. CLAIMS FOR AGRICULTURAL DAMAGE.

THE LETTER OF 31 AUGUST 1972 FROM MR. O. H. BRETT OF THE MINISTRY OF DEFENSE, AND PREVIOUS MOD STATEMENTS SUGGEST A GENERAL PRINCIPLE WHICH WE BELIEVE IS REASONABLE TO BOTH SIDES: THAT CLAIMS INCIDENT TO THE INITIAL ACQUISITION OF LAND FOR U. S. FORCES SHOULD BE BORNE BY HMG, WHILE CLAIMS INCIDENT TO WORK OR OTHER ACTIVITIES PERFORMED ON SUCH LAND SUBSEQUENT TO ITS INITIAL ACQUISITION SHOULD BE BORNE BY THE USG. WE SEE NO REASON HOWEVER TO EXCEPT NON-SURPLUS LAND MADE AVAILABLE UNDER PARA 2(B) FROM THIS DIVISION OF RESPONSIBILITIES. I AM ENCLOSING A DRAFT MEMORANDUM OF UNDERSTANDING

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 NSAE-00 NSCE-00 SSO-00 USIE-00

CCO-00 INRE-00 PM-09 H-02 INR-09 L-03 NSC-10 PA-03

RSC-01 PRS-01 SS-14 T-03 NEA-10 ACDA-19 GAC-01 MBFR-03

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(ENCLOSURE 1) WHICH WOULD SERVE AS EXAMPLE TO

FUTURE DAMAGE CLAIMS.

IF THIS MOU CAN BE AGREED, WE WOULD PROPOSE THAT IT SHOULD BE SIGNED BY THE THIRD AIR FORCE AND THE MINISTRY OF DEFENSE. ALTERNATIVELY, IF YOU PREFER, THE MOU COULD BE MADE AN ATTACHMENT TO THE NEW CSA AND BE CONSIDERED AN INTEGRAL PART THEREOF. IN EITHER CASE, WE WOULD PROPOSE TO DROP SUBPARAS 4(C) AND 4(D) FROM THE EXISTING TEXT AS SUPERFLUOUS.

WITH RESPECT TO CLAIMS NOW OUTSTANDING, IT IS OUR UNDERSTANDING THAT THERE ARE OVER 200 CLAIMS IN DISPUTE, TOTALLING 15,866.92 POUNDS. TO AVOID A COSTLY AND TIME- CONSUMING REVIEW OF THESE CLAIMS UNDER THE TERMS OF THE PROPOSED MOU, THE UNITED STATES PROPOSES TO PAY 50 PER CENT OF THE TOTAL AMOUNT, OR 7933.46 POUNDS, ON THE FOLLOWING UNDERSTANDING:
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(A) THAT THIS PAYMENT WILL RELIEVE THE USG OF ANY FURTHER RESPONSIBILITY FOR DAMAGE CLAIMS NOW OUTSTANDING;

(B) DAMAGE CLAIMS WHICH HAVE NOT YET BEEN REPORTED TO THIRD AIR FORCE OR WHICH MAY ARISE IN THE FUTURE WILL BE HANDLED PURSUANT TO THE PROPOSED THIRD AIR FORCE/ MOD MEMORANDUM OF UNDERSTANDING.

(3) HMG WILL AGREE THAT A DE RATE OF 7 1/2 PER CENT WILL APPLY RETROACTIVELY TO APRIL 1, 1972 FOR ALL CONSTRUCTION AND MAINTENANCE PROJECTS OF ALL U. S. MILITARY SERVICES IN THE U. K.

A NUMBER OF LESSER POINTS ARE STILL TO BE CLEARED UP. I HAVE LISTED THESE AT ENCLOSURE 2, KEYED TO THE CURRENT DRAFT CSA, TOGETHER WITH OUR COMMENTS OR SUGGESTIONS ON HOW THEY SHOULD BE DEALT WITH.

WHEN YOU HAVE EXAMINED THESE PROPOSALS, WE WOULD LIKE TO MEET WITH YOU AT THE EARLIEST POSSIBLE DATE TO DISCUSS THEM. ONCE AGREEMENT IN PRINCIPLE IS REACHED, WE ARE PREPARED TO MOVE AHEAD PROMPTLY TO THE FINAL DRAFTING OF THE AGREEMENT. UNQUOTE

3. EMBASSY LETTER OF 19 JANUARY 1973:

QUOTE

DEAR EMRYS:

I WROTE TO HUGH OVERTON ON NOVEMBER 13 TO MAKE A SET

OF PROPOSALS REGARDING THE MAJOR ISSUES UNDER DISCUSSION
ON THE COST- SHARING NEGOTIATION.

FOLLOWING OUR RECENT DISCUSSIONS, I HAVE NOW BEEN
AUTHORIZED TO MAKE THE FOLLOWING PROPOSAL TO REPLACE
POINT 1 OF MY NOVEMBER 13 LETTER:

1. DEPARTMENTAL EXPENSES ON SUPERANNUATION FOR
DIRECT HIRE EMPLOYEES.

THE UNITED STATES WILL PAY VALIDATED CLAIMS FOR
DEPARTMENTAL EXPENSES ON SUPERANNUATION PAYMENTS MADE
SUBSEQUENT TO THE ENTRY INTO FORCE OF THE NEW COST-
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SHARING ARRANGEMENTS, BUT NOT FOR SIMILAR PAYMENTS MADE
PRIOR TO THE DATE OF THE MEMORANDUM OF UNDER-
STANDING.

LIKE THE EARLIER PROPOSAL WHICH IT REPLACES, THIS PRO-
POSAL IS MADE AS ONE COMPONENT OF AN INTERDEPENDENT
PACKAGE, AND IS CONTINGENT UPON ACCEPTANCE OF OUR PRO-
POSALS ON AGRICULTURAL DAMAGE CLAIMS AND RETROACTIVE
APPLICATION OF THE NEW DE RATE OF 7 1/2 PER CENT.
UNQUOTE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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Disposition Approved on Date:
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Disposition Date: 28 MAY 2004
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